

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 273
Committee Substitute Favorable 5/14/13
Committee Substitute #2 Favorable 5/15/13
Fourth Edition Engrossed 5/16/13

Short Title: Charter School/LEA Accounting of Funds.

(Public)

Sponsors:

Referred to:

March 12, 2013

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THAT CHARTER SCHOOLS MAY USE STATE FUNDS FOR OPERATIONAL LEASES AND MAY ASSIGN STATE FUNDS TO OBTAIN FUNDS FOR FACILITIES, EQUIPMENT, AND OPERATIONS; AND TO REQUIRE ACCOUNTING OF CHARTER SCHOOL FUNDS AND A TIME LINE FOR THE TRANSFER OF FUNDS BY LOCAL BOARDS OF EDUCATION TO CHARTER SCHOOLS AND TO PROVIDE FOR ATTORNEYS' FEES, COSTS, AND INTEREST IN ACTIONS TO ENFORCE TRANSFERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-238.29H reads as rewritten:

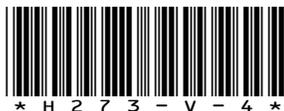
"(a) The State Board of Education shall allocate to each charter school:

- (1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the charter school is located for each child attending the charter school except for the allocation for children with disabilities and for the allocation for children with limited English proficiency;
- (2) An additional amount for each child attending the charter school who is a child with disabilities; and
- (3) An additional amount for children with limited English proficiency attending the charter school, based on a formula adopted by the State Board.

In accordance with G.S. 115C-238.29D(d), the State Board shall allow for annual adjustments to the amount allocated to a charter school based on its enrollment growth in school years subsequent to the initial year of operation.

In the event a child with disabilities leaves the charter school and enrolls in a public school during the first 60 school days in the school year, the charter school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in a charter school during the first 60 school days in the school year, the State Board shall allocate to the charter school the pro rata amount of additional funds for children with disabilities.

(a1) Funds allocated by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for ~~facilities or equipment.~~ facilities, equipment, or operations. However, State funds shall not be



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1 used to obtain any other interest in real property or mobile classroom units. No indebtedness of
2 any kind incurred or created by the charter school shall constitute an indebtedness of the State
3 or its political subdivisions, and no indebtedness of the charter school shall involve or be
4 secured by the faith, credit, or taxing power of the State or its political subdivisions. Every
5 contract or lease into which a charter school enters shall include the previous sentence. The
6 school also may own land and buildings it obtains through non-State sources.

7 (b) If a student attends a charter school, the local school administrative unit in which
8 the child resides shall transfer to the charter school an amount equal to the per pupil share of
9 the local current expense appropriation fund of to the local school administrative unit for the
10 fiscal year. The per pupil share of the local current expense fund shall be transferred to the
11 charter school within 30 days of the receipt of monies into the local current expense fund. Any
12 necessary adjustments to this amount shall be made by the local school administrative unit
13 within 30 days of the State Board of Education determining and certifying to the charter school
14 its average daily membership for the school year. If the local school administrative unit fails to
15 timely comply with the requirements of this subsection, interest at the legal rate as provided in
16 G.S. 24-1 on the amount required to be transferred to the charter school shall accrue from the
17 date of delinquency until that amount, together with any interest, is transferred to the charter
18 school. The amount transferred under this subsection that consists of revenue derived from
19 supplemental taxes shall be transferred only to a charter school located in the tax district for
20 which these taxes are levied and in which the student resides.

21 (c) The local school administrative unit shall also provide each charter school to which
22 it transfers a per pupil share of its local current expense fund with all of the following
23 information within the 30-day time period provided in subsection (b) of this section:

24 (1) The total amount of monies the local school administrative unit has in each
25 of the funds listed in G.S. 115C-426(c).

26 (2) The student membership numbers used to calculate the per pupil share of the
27 local current expense fund.

28 (3) How the per pupil share of the local current expense fund was calculated.

29 (d) The court shall award the prevailing party in an action to enforce the provisions of
30 subsection (b) of this section its reasonable attorneys' fees and costs incurred in bringing such
31 an action. The court shall order any delinquent funds, costs, fees, and interest to be paid in
32 equal monthly installments and shall establish a time for payment in full that shall be no later
33 than three years from the entry of any judgment."

34 **SECTION 2.** G.S. 143B-426.40A is amended by adding a new subsection to read:

35 "(m) Assignment of Funds Allocated by the State Board of Education to Charter Schools.
36 – This section does not apply to assignments by charter schools to obtain funds for facilities,
37 equipment, or operations pursuant to G.S. 115C-238.29H."

38 **SECTION 3.** This act is effective when it becomes law and applies beginning with
39 the 2013-2014 school year.